

GLOSSARY TO THE STATE OF ARKANSAS

FINANCIAL MANAGEMENT GUIDE

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ACCESS - Physical accessibility

ACCOUNT CODE - The ten digit numeric code assigned by the Office of Accounting (OA) to identify each account.

ACCOUNTING PERIOD - Any period of time designated for which financial statements are prepared.

ACCOUNTING PROCEDURES - All procedures that discover, identify, record, classify, maintain and summarize financial information to either produce financial reports or to provide internal control.

ACCOUNTING SYSTEM - The methods and records established to identify, assemble, analyze, classify, record and report the State's transactions and to maintain accountability for its assets and liabilities.

ACCOUNTS PAYABLE - Amounts owed to private persons or organizations for goods and/or services received by the State. Accounts Payable does not include amounts due to other agencies, funds or other governments.

ACCOUNTS RECEIVABLE - Amounts due from private persons or organizations for goods and/or services furnished by the State. Accounts Receivable does not include amounts due from other agencies, funds or other governments.

ACCRUAL BASIS - The basis of accounting whereby revenues are recognized when earned and measurable regardless of when collected, and expenses are recorded on a matching basis when incurred. All proprietary and trust funds, as well as the government-wide financial statements, use the accrual basis of accounting.

ACCRUE - To record revenues and expenditures/expenses when they meet the recognition criteria of the fund type involved regardless of when the cash activity occurs.

ACCRUED EXPENDITURES/EXPENSES - Expenses or expenditures that meet the appropriate recognition criteria of the fund type involved but have not been paid.

ACCRUED LIABILITIES - Liabilities reflecting the obligation to pay for goods or services that have been incurred or received but not paid by the end of the accounting period.

ACCUMULATED DEPRECIATION - A contra-asset valuation account used to record the accumulation of periodic credits made to reflect the expiration of the estimated useful life of capital assets.

AGENCY - Every State agency, office, board, commission, department and State institution. In some cases references include institutions of higher education and/or the Constitutionally independent entities. However, within the discussion of the topic, some or all of those will be excepted. The language in the discussion of the topic must be observed closely.

AGENCY CODE - The four character numeric code assigned by the Office of Accounting to designate the distinct operational units of State government. Agency codes are used for the identification of State agencies. Agencies are to use only the code assigned to their agency unless specified elsewhere in this manual. Also referred to as business area.

AGENCY FUNDS - Agency funds are used to account for the assets held by the State as an agent for individuals, private organizations and other governments. Agency funds are purely custodial in nature.

ARKANSAS STATEWIDE INFORMATION SYSTEM (AASIS) - The statewide financial management system.

ALLOCATE - To divide a lump-sum appropriation into parts that are designated for expenditure by specific governmental units and/or for specific purposes, activities or objects. Also, to divide depreciation and expenses for certain purposes.

ALLOCATION - A part of a lump-sum appropriation that is designated for expenditure by specific governmental units and/or for specific purposes, activities or objects. Also, a portion of depreciation and expenses for certain purposes.

ALLOTMENT - A part of an appropriation that may be spent during a specified period.

ALLOWABLE MOVING EXPENSE - Except as noted in *R6-19-4-904, "Recruitment and Relocation Expense,"* and within certain limitations, allowable moving costs include the costs associated with moving household goods, personal effects, property used in a dwelling and normal equipment and supplies used to maintain a dwelling from a residence to a new station within the State.

AMORTIZATION - The gradual reduction or liquidation of an amount over a period of time according to a specified schedule (such as, the retirement of a debt by serial payments to the creditor or in a sinking fund) either by a direct credit or debit or through the use of a valuation account.

AMORTIZED COST - The par value of the investment increased or decreased by any unamortized premium or discount.

ANCILLARY COSTS - Costs that are directly attributable to asset acquisition such as freight and transportation costs, site preparation costs and professional fees which are necessary to place a capital asset into its intended state of operation. Ancillary costs are capitalized as part of the cost of a capital asset. For an investment, ancillary costs include legal fees and commissions and are included as part of the cost of the investment.

ANNUITY - A series of equal money payments made or received at equal intervals over a designated period of time.

APPRAISAL - (1) The act of appraising. (2) The estimated value resulting from such action.

APPROPRIATION - A legislative authorization for an agency to make expenditures and incur obligations for specific purposes from designated resources available or estimated to be available during a specified time period.

ASSETS - A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events. These economic resources can be tangible or intangible.

ASSET CLASS CODE - The code assigned to a capital asset that correlates to a descriptive title.

AUDIT - A systematic collection of the sufficient, competent, evidential matter needed to attest to the fairness of management's assertions in the financial statements or to evaluate whether management has efficiently and effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquiries and confirmations with third parties.

AUTOMATED CLEARING HOUSE (ACH) - A nationwide payment and collection system that provides for electronic distribution and settlement of funds. Although the term Electronic Fund Transfer (EFT) is technically more inclusive than the term ACH, the term EFT is often used synonymously with ACH.

BALANCE SHEET - A financial statement that discloses the assets, liabilities and equities of an entity at a specified date in conformity with generally accepted accounting principles (GAAP).

BASIS OF ACCOUNTING - This refers to the methodology and timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. In Arkansas these are cash, modified accrual and full accrual.

BETTERMENT - An addition made to, or change made in, a capital asset, other than maintenance, that is anticipated to prolong its expected useful life or to increase its capacity, efficiency or quality of output.

BIENNIUM - A 24-month fiscal period. In Arkansas, the biennium extends from July 1 of odd numbered years through June 30 of odd numbered years.

BOND - A debt instrument issued through a formal legal procedure and secured either by the pledge

of specific properties or revenues or by the general credit of the State.

BOND DISCOUNT - The excess of the face value of a bond over the price for which it is acquired or sold resulting from a disparity between the market rate of interest and the stated rate of interest on the bonds, also referred to as original issue discount (OID). In governmental funds, bond discount associated with a bond sale is reported as an "other financing" use.

BOND ISSUE - A reference indicating the particular classification or quantity of bonds issued at a given time.

BOND PREMIUM - The excess of the price for which a bond is acquired or sold over its face value resulting from a disparity between the market rate of interest and the stated rate of interest on the bonds, also referred to as original issue premium (OIP). In governmental funds, bond premium associated with a bond sale is reported as another financing source.

BOND REDEMPTION - The regaining of possession of bonds formerly issued by payment of amount due to the holder.

BONDS PAYABLE - The face value of bonds issued and unpaid.

BOOK VALUE - The net amount (cost less accumulated depreciation) at which an asset or asset group appears on the books of account, as distinguished from its market or intrinsic value.

BOOKS OF RECORD - Record in which the various transactions are initially and formally recorded and serve as the direct source of postings to ledgers (e.g. payroll register).

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period of time and the proposed means of financing them.

BUDGETARY CONTROL - The control or management of a governmental unit in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

BUDGET QUAD – The coding structure consisting of fund, funds center, commitment item and functional area used by the State Accounting System.

BUILDINGS - Permanent structures owned or held by the State. The cost of buildings includes both acquisition costs (historical cost, ancillary costs and, for proprietary and trust funds, net interest during construction) and capital improvement costs (betterments). Buildings include not only structures in the form of office buildings, storage quarters or other facilities but also associated items such as loading docks, heating and air-conditioning equipment, refrigeration equipment and all other property permanently attached to or forming an integral part of the structure. Buildings can be capitalized as a single unit or by individual component. Buildings do not include furniture, fixtures or other equipment which are not integral parts of the building.

BUSINESS AREA - State agency, board, commission, college or university that falls under the State's authority.

CAPITAL ASSET GUIDELINES - The criteria used to determine which capital outlays should be reported as capital assets on the State's financial statements.

CAPITAL ASSETS - Assets that meet the State's capitalization policy such as land, improvements to land, easements, buildings, leasehold improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in State operations and that have initial useful lives extending beyond one year. Capital assets do not include depletable resources such as minerals or timber.

CAPITAL BUDGET - The portion of a budget or a separate budget devoted to proposed additions to capital assets and the means of financing those additions.

CAPITAL EXPENDITURE - Refer to CAPITAL OUTLAYS.

CAPITAL OUTLAYS - A budgetary or financial reporting term to indicate the expenditures for the acquisition of, addition to or major repair of capital assets intended to benefit future periods. Expenditures may be from either Operating or Capital sources and may be either capitalized or not capitalized.

CASH DISBURSEMENTS - Cash disbursements are any moneys (e.g., checks, cash, warrants, credit or debit card amounts and EFTs (Electronic Fund Transfers) paid by the State during a period regardless of when the related obligations are incurred.

CASH DISCOUNT - An allowance received or given if payment is completed within a stated period of time.

CASH EQUIVALENT - Short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

CASH RECEIPTS - Cash receipts are any moneys (e.g., checks, cash, warrants, credit or debit card amounts or EFTs) received by the State during a period regardless of when the moneys are earned.

CHANGE FUNDS - Accounts used solely for making change in across-the-counter cash transactions.

CHECK - A written order on a bank to pay on demand a specified sum of money to a named person out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable.

CLEARANCE PATTERN - Projection showing the daily amount (or percent of total) subtracted

from a State's bank account each day after the State makes a disbursement. This Clearance Pattern or projection is used to drawdown federal funds minimizing the time it remains in the bank.

CLEARING ACCOUNT - An account used to accumulate total charges or credits so that they can be distributed later among the accounts to which they are allocable or so that the net differences can be transferred to the proper account.

CLIENT - For travel regulation purposes, a person or entity that is entitled to receive agency services.

COLLECTIONS – The pursuing of funds/accounts/debts due the State. Also refer to ART COLLECTIONS.

COMMITMENT ITEM – Represents the funds center breakdown by line item such as salary or capital outlay.

COMMON CARRIER - A person or company that transports passengers or goods for a fee.

COMMUTE - Travel between the official residence and other domicile of a State officer or employee and their official station or other place of work.

COMPENSATORY TIME - Time worked by certain State employees that, if not used for paid time off, results in compensation to be cashed out in accordance with regulations or agency policy.

COMPLIANCE AUDIT - An examination leading to the expression of an opinion on the audited governmental unit's compliance with the various finance-related legal and contractual provisions.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) - The official annual financial report of the State encompassing all funds and component units of the State. It includes an introductory section, management's discussion and analysis (MD&A), basic financial statements, required supplementary information other than MD&A, “combining” and “individual” fund statements, schedules and a statistical section.

CONSTRUCTION IN PROGRESS - A general ledger account that reflects the cost of construction work undertaken on capital projects but not completed as of the end of the accounting period.

CONSULTANT - An independent individual or firm contracting with an agency to perform a service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the agency except as to the result of the work. The agency monitors progress under the contract and authorizes payment.

CONSUMABLE SUPPLIES - Supplies consumed in the course of an agency's operations or incidental items held for resale.

CONTINENTAL UNITED STATES - As used in this manual, all areas in the 48 contiguous states and the District of Columbia.

CONTINGENT LIABILITY - Items which may become liabilities as a result of conditions undetermined at a given date such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts.

CONTROL ACCOUNT - An account in the general ledger in which the aggregate of all debit and credit postings to a number of related accounts (called the subsidiary accounts) are recorded. For example, the Accounts Receivable account is a control account supported by the aggregate of the individual customer subsidiary accounts.

CORRECTIVE ACTION PLAN - An agency response to audit findings that documents how deficiencies are to be corrected, how improvements are to be made or demonstrates that audit findings are invalid or do not warrant any subsequent action.

COST RECORDS - All ledgers, supporting records, schedules, reports, invoices, vouchers and other records and documents reflecting the cost of projects, jobs, production centers, processes, operations, products or services or the cost of any of the component parts thereof.

CREDIT CARD - A card entitling the holder to buy services or goods on credit.

CURRENT ASSETS - Resources that are available, or can readily be made available, to meet the cost of operations or to pay current liabilities.

CURRENT LIABILITIES - Those obligations which are payable within one year from current assets or current resources.

DEBT - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of the State include bonds, accounts payable and other liabilities.

DEFICIT - (1) The excess of the liabilities and reserves of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEPRECIATION - The portion of the cost of a capital asset representing the expiration in the useful life of the capital asset attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence which is charged off during a particular period. In accounting for depreciation the cost of a capital asset less any salvage value is prorated over the estimated useful life of such an asset.

DIRECT EXPENSES - Expenses which are charged directly as a part of the cost of a product or service or of a department or operating unit as distinguished from overhead and other indirect costs which must be prorated among several products or services, departments or operating units.

DISBURSEMENT - Payment by cash, warrant, check, journal voucher, EFT or any other technological payment method.

DRAWDOWN - Process whereby a State requests and receives federal funds.

ECONOMICAL - Direct financial, work-related costs that occur at the least cost to the State and which the State is responsible to pay.

ELECTRONIC DATA PROCESSING (EDP) - Data processing by means of high-speed electronic equipment.

ELECTRONIC FUND TRANSFER (EFT) - Any transfer of funds other than a transaction originated by check, draft or similar paper instrument which is initiated through an electronic terminal, telephone instrument or computer or magnetic tape to authorize a financial institution to debit or credit an account.

EMERGENCY - A set of unforeseen circumstances beyond the control of an agency that either: (a) presents a real, immediate threat to the proper performance of essential functions; or (b) may result in material loss or damage to property, bodily injury or loss of life if immediate action is not taken.

ENCUMBRANCE - An obligation in the form of purchase orders or contracts that are chargeable to an allotment or appropriation and for which a part of the allotment or appropriation is thereby reserved. Encumbrances are not considered elements of expenditures for reporting of allotments, budgets or statewide financial activities.

ENTITLEMENT - A service or grant that, under federal law, must be provided to all eligible applicants.

ENTITY - The basic unit upon which accounting and/or financial reporting activities are focused.

ENTRY - The record of a financial transaction in the appropriate books of record.

EQUIPMENT - Tangible property other than land, buildings, improvements other than buildings or infrastructure which is used in operations and with a useful life of more than one year. Examples are furnishings, equipment and software. Equipment may be attached to a structure for purposes of securing the item but, unless it is permanently attached to or an integral part of the building or structure, it is to be classified as equipment and not buildings.

ESTIMATED REVENUE - This is a budgetary term that identifies revenues expected to be received or accrued during a given period.

EXPENDITURES - Decreases in net current financial resources. Expenditures include disbursements and accruals of the current period. Expenditures do not include encumbrances.

EXPENSES - Decreases in net total assets. Expenses represent the cost of operations incurred

during the current period regardless of the timing of the related disbursements.

FAIR VALUE - The amount that could reasonably be expected to be received for an investment in a current sale between a willing buyer and a willing seller. For publicly traded securities, this is the price at which the security is currently being traded on a national market. For investment instruments that are not publicly traded, this is the appraised value adjusted for cash flows to or from the investment.

FIDELITY BOND - A written promise to indemnify against losses from theft, embezzlement, defalcation and misappropriation of public moneys by government officers and employees.

FINANCIAL AUDIT - An audit made by an independent external auditor for the purpose of issuing an audit opinion on the fair presentation of the financial statements of the State in conformity with GAAP.

FISCAL PERIOD - Any period at the end of which a governmental unit determines its financial position and the results of its operations.

FISCAL YEAR - In Arkansas State Government, a 12-month period extending from July 1 of one calendar year through June 30 of the next calendar year.

FIXED ASSETS - Refer to CAPITAL ASSETS.

FIXTURES - Attachments to buildings which are not intended to be removed and which cannot be removed without damage to the buildings. Those fixtures with useful lives presumed to be as long as that of the building itself are considered a part of the building; all others are classified as equipment.

FUNCTION - A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

FUNCTIONAL AREA - A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

FUND - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, are recorded and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

FUND CODE - A seven character alpha/numeric code assigned by the Office of Accounting to identify each specific accounting entity against which a transaction is to be charged.

FUND EQUITY - The difference between a fund's assets and liabilities. In governmental funds, it is referred to as fund balance. In proprietary funds, it is referred to as net assets.

FUND TRANSFER – The movement of money between two funds which consist of a debit to cash and a credit to transfer in for the receiving fund and a credit to cash and a debit to transfer out for the paying fund.

FUND TYPE - One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and agency funds.

FUNDS CENTER – Used to denote the appropriation code in the State Accounting System

GAAP - Refer to GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

GENERAL LEDGER - A ledger containing the accounts in which are recorded, in detail or in summary, all transactions of the State.

GENERAL LEDGER ACCOUNT CODE - The ten digit numeric codes assigned by the Office of Accounting to identify the titles of those accounts that classify, in summary form, all financial transactions of the State.

GENERAL OBLIGATION BONDS - Statewide bond issues that are secured by an unconditional pledge of the full faith, credit and taxing power of the State.

GENERAL REVENUES - Revenues derived from taxes, permits, royalties, leases, fees, licenses and the sale of confiscated goods for the common good and operation of the State government, identified as general revenues in ACA §19-6-201.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – These are the uniform minimum standards for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application but also detailed practices and procedures. The primary authoritative body on the application of GAAP to State and local governments is the Governmental Accounting Standards Board.

GOVERNMENTAL ACCOUNTING - The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of a governmental entity.

GOVERNMENTAL FUNDS - Governmental funds are used to account for most typical governmental functions focusing on the acquisition, use and balances of a State's expendable financial resources and the related current liabilities. The accounting for governmental funds has a budget orientation using the current financial resources measurement focus and the modified accrual basis of accounting. There are five types of governmental funds: General, Special Revenue, Debt Service, Capital Projects and Permanent Funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - Financial statements that incorporate all of the State's governmental and business-type activities as well as its nonfiduciary component units. There are two basic government-wide financial statements: the Statement of Net Assets and the Statement of Activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

GRANTS - A contribution or gift of cash or other asset by one governmental unit to another entity. The contribution is to be used or expended for a specific purpose, activity or facility.

GR/IR – Goods receipt/Invoice receipt

IMPREST ACCOUNT - An account into which a fixed amount of money is placed for the purpose of making change or minor disbursements.

INDEPENDENT AUDIT - An audit performed by an independent auditor.

INDIRECT COSTS - Costs that cannot be directly charged to an activity (e.g., depreciation and other administrative and support costs).

INTEREST PAYABLE - A liability account reflecting the amount of interest owed by the State. In governmental funds, interest is to be recognized as an expenditure in the accounting period in which it becomes due and payable, and the liability is to be recorded as interest payable at that time. In proprietary and trust funds, interest payable is recorded as it accrues regardless of when payment is actually due.

INTEREST RECEIVABLE - An asset account reflecting the amount of interest due to the State.

INTERIM FINANCIAL STATEMENT - A financial statement prepared before the end of the current fiscal period and covering only financial transactions during the period to date.

INTERNAL AUDIT - An appraisal activity conducted by auditors working for and within an organization of the diverse operations and controls within the organization to determine whether prescribed policies and procedures are followed, established standards are met, resources are used efficiently and economically and the organization's objectives are being achieved.

INTERNAL CONTROL - A management process for keeping an entity (agency, board, commission, department, division, institution or program) on course in achieving its organizational objectives. A management control system, including comprehensive internal controls, should provide reasonable assurance that entity objectives are being met.

INVESTMENTS - Securities, real estate and other instruments held for the production of income or profit.

INVOICE - A document submitted by a vendor showing the character, quantity, price, terms, nature

of delivery and other particulars of goods delivered or of services rendered.

ISSUANCE COSTS - Fees associated with the issuance of debt that may be withheld from the proceeds or paid separately, including underwriter's fees and bond counsel fees. In governmental funds, issuance costs are reported as expenditures.

JUDGMENT - An amount to be paid or collected by the State as the result of a court decision, including a condemnation award in payment for private property taken for public use.

LEASEHOLD - The right to the use of real estate by virtue of a lease, usually for a specified term of years, for which consideration is paid.

LEDGER - A group of accounts in which are recorded the financial transactions of the State.

LIABILITIES – Probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS PAYABLE - A liability account reflecting amounts owed by the State from an unconditional written promise to pay a certain sum of money upon demand or at a fixed or determinable time.

LOANS RECEIVABLE - An asset account reflecting amounts that have been loaned to individuals or organizations external to the State, including notes taken as security for such loans. Loans to other governments should be recorded and reported separately.

LONG-TERM LIABILITIES – Liabilities not due to be paid within the next year.

LONG-TERM OBLIGATIONS – Long-term indebtedness of the State that is secured by the general credit and revenue raising capacity of the State and will not be paid by expending available resources as of the end of the current fiscal year. Long-term obligations related to, and expected to be paid from, proprietary and fiduciary fund types are accounted for in those funds. All other long-term debt will be identified as a general liability and accounted for in Fund 7006101 for inclusion in the government-wide financial statements.

MISAPPROPRIATION OF FUNDS - Misuse of funds for personal gain.

MODIFIED ACCRUAL - The basis of accounting under which expenditures, whether paid or unpaid, are formally recognized when incurred against the account, but revenues are recognized only when they become both measurable and available to finance expenditures of the current accounting period. All governmental funds use the modified accrual basis of accounting.

NET ASSETS - The amount total assets exceed or are in deficit to total liabilities. Net assets are

displayed in three components - invested in capital assets net of related debt, restricted and unrestricted.

NONREVENUE - Collections of revenues that do not represent general or special revenue as outlined in ACA §19-6-201.

NON-CURRENT ASSET – An asset which is not easily convertible to cash or is not expected to become cash within the next year.

NOTES RECEIVABLE - An asset account reflecting amounts owing to the State from an unconditional written promise to pay a certain sum of money on demand or at a fixed or determinable time.

OFFICIAL STATE BUSINESS - Activities performed by an official or State employee, authorized volunteer, contractor, work experience program participant, student or employee of another governmental jurisdiction as directed by his or her supervisor in order to accomplish State programs or as required by the duties of his or her position or office.

OFFICIAL STATION - The city, town or other location where the State official or employee's office is located, or the city, town or location where the State official or employee's work is performed on a permanent basis. A State official or employee's official station is to be designated by the agency. It is to be determined by the needs of the agency and not assigned because it is the home or preferred living area of a State official or employee.

OPERATING BUDGET - A plan of current expenditures and the proposed means of financing them. The operating budget is the primary means to ensuring that the financing, acquisition, spending and service delivery activities of the State are controlled.

OTHER FINANCING SOURCE – An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the “other financing sources” category is limited to items so classified by GAAP.

OTHER FINANCING USE – A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the “other financing uses” category is limited to items so classified by GAAP.

ORIGINAL BUDGET - The first complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes before the beginning of the fiscal year.

OVERHEAD - Those elements of cost necessary in the production of a good or service which are not directly traceable to the product or service. Usually these costs relate to objects of expenditure that do not become an integral part of the finished product or service such as rent, heat, lights, management and supervision.

PAR VALUE - In the case of bonds, the amount of principal that must be paid at maturity. Par value is referred to as the face value of the security.

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS - A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefit plans or other employee benefit plans.

PERFORMANCE AUDIT - A systematic process of objectively obtaining and evaluating evidence regarding the performance of an organization, program, function or activity. Evaluation is made in terms of its economy and efficiency of operations and effectiveness in achieving desired goals. The performance audit function provides an independent review of management's performance and the degree to which actual performance meets pre-stated goals.

PERIODIC INVENTORY - An inventory system whereby the agency performs a physical count of its inventory periodically, at least annually at fiscal year end.

PERPETUAL INVENTORY - An inventory system whereby the inventory quantities and values for all purchases and issues are recorded directly in the inventory system as they occur.

PERSONAL SERVICE - Professional or technical expertise provided by a consultant to accomplish a specific study, project, task or other work statement.

PETTY CASH - A sum of money set aside on an imprest basis. Cash held for making change or paying small obligations when the issuance of a warrant/check would be too expensive and time consuming. Petty cash includes both change and imprest accounts.

POSTING - The process of transferring to a ledger account the data, either detailed or summarized, contained in a book or document of original entry.

PROCUREMENT – The purchasing of something especially for a company, government or other organization.

PROGRAM - Any of the major activities of an agency expressed as a primary function or organizational unit.

PROPERTY DISPOSAL - The policies and processes established by DFA by which an agency is authorized to dispose of a specific asset or as provided by specific statutory authority.

PROPRIETARY FUNDS - Proprietary funds are used to account for the State's ongoing organizations and activities that are similar to those often found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. Proprietary funds use the economic resources measurement focus and the accrual basis of accounting. There are two types of proprietary funds: enterprise funds and internal service funds.

PURCHASE ORDER - A document that authorizes the delivery of specified merchandise or the rendering of certain services.

PURCHASE REQUISITION - A document used by agencies as the first step in the purchasing cycle as a prerequisite to issuing a purchase order.

RECEIPTS - Refer to CASH RECEIPTS.

RECEIVABLES - Amounts due from private persons, businesses, agencies, funds or governmental units that are expected to be collected in the form of moneys, goods and/or services.

RECONCILIATION - The process of correlating one set of records with another set of records and/or a physical inventory count that involves identifying, explaining and correcting differences.

REFUND - An amount paid back or credit allowed because of an over-collection or because of the return of merchandise.

REFUNDING BONDS - Bonds issued to retire bonds already outstanding. In a current refunding, proceeds must be used immediately. In an advanced refunding, the net proceeds of the refunding issue are placed with an escrow agent and invested to provide for all future debt service payments on the refunded bonds until the bonds are called or mature.

REGISTER - A record for the consecutive entry of events, documents or transactions with proper notation of all the required information. The form is designed so that the entries are distributed, summarized and aggregated for convenient posting to the accounts.

REIMBURSEMENT - (1) Repayments of amounts remitted on behalf of another party. (2) Interfund/Interagency transactions that constitute reimbursement to a fund/agency for expenditures/expenses initially made from it but that properly apply to another. These transactions are recorded as expenditures/expenses in the reimbursing fund/agency and as reductions of expenditures/expenses in the fund/agency reimbursed via the procedures established for refunds to expenditures.

REPLACEMENT COST - The amount of cash or other consideration that would be required today to obtain the same asset or its equivalent.

REPORTING AGENCY – An agency that utilizes a “stand alone” accounting system to maintain its accounting records. The agency transfers, deposits, checks and journal entries to the State Accounting System occurs through an electronic interface process. Some reporting agencies have limited online access such as deposit and journal entry functions.

REQUEST FOR PROPOSAL (RFP) - A written solicitation document which identifies the agency’s need or problem and consultants are invited to submit proposals which outline their solution to the need or problem, their qualifications and experience to provide the services and their

costs or fees.

RESIDENCE - The city, town or other location where a State official or employee maintains a residence that is used as their primary domicile. Determinations by the agency head or authorized designee regarding a State official or employee's official residence are to be based on items such as voter registration, ownership or long-term rental of a personal residence and the permanent address carried in the State official or employee's personnel or other file.

RESTITUTION – Compensation for a loss, damage or injury.

RETAINAGE - A liability reflecting amounts due on construction contracts not paid pending final inspection of the project or the lapse of a specified period, or both. The unpaid amount is usually a stated percentage of the contract price.

REVENUE - In governmental fund type funds, revenues are increases in net current assets and are recognized in the accounting period in which they become measurable and available. In proprietary fund and trust fund type funds as well as the government-wide financial statements, revenues are increases in net total assets and are recognized in the period in which they are earned and become measurable.

REVENUE BONDS - Bonds whose principal and interest are secured by specific sources of revenue and do not involve a pledge of the full faith and credit of the State. Revenue bonds are payable from identified sources of revenue which are generally derived from the assets acquired or constructed with bond proceeds. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVOLVING FUND - (1) A fund established to carry out a cycle of operations. The amounts expended from the fund are restored thereto from earnings from operations or by transfers from other funds so that it is always intact. (2) An imprest account into which a fixed amount of money is placed for change-making purposes or minor disbursements.

SCHEDULES - Financial presentations used: (1) to demonstrate compliance with finance-related legal and contractual provisions; (2) to aggregate and present in greater detail information spread throughout the financial statements that can be brought together and shown in greater detail (e.g., cash balances, investments current and delinquent taxes); (3) to present greater detail information reported in the financial statements (e.g., additional revenue sources detail) and (4) to present information not disclosed in the GAAP financial statements.

SECURITIES - Bonds, notes, mortgages or other forms of negotiable or nonnegotiable instruments.

SERVICE BUREAU AGENCY – Generally, a small agency that utilizes the Service Bureau within the DFA-Office of Accounting to enter transactions into the State Accounting System and provide reports. These agencies do not have direct access to the State Accounting System.

SOURCE DOCUMENT - Document used to initiate an individual accounting transaction.

STATEMENT OF NET ASSETS - A government-wide financial statement that reports the difference between assets and liabilities as net assets, not fund balances or equity. Assets are reported in order of liquidity or how readily they are expected to be converted to cash and whether restrictions limit the government's ability to use the resources. Liabilities are reported based on their maturity or when cash is expected to be used to liquidate them. Net assets are displayed in three components - invested in capital assets net of related debt, restricted and unrestricted.

STATUTE - A written law enacted by the Legislature and signed by the Governor (Arkansas Code is the preferred terminology).

STRAIGHT-LINE DEPRECIATION METHOD - The straight-line method of depreciation allocates the cost of a capital asset systematically over the useful life of the asset by way of the following formula: cost less salvage value divided by estimated useful life in years.

SUBRECIPIENT - A non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program but does not include an individual that is a beneficiary of such a program. It also excludes vendors that receive federal funds in exchange for goods and/or services in the course of normal trade or commerce.

SUBSIDIARY LEDGER - A group of subsidiary accounts, the sum of the balances of which is equal to the balance of the related control account.

SUPPLIES - Assets consumed in the course of an agency's operations.

SURETY BOND - A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document through nonperformance or through embezzlement defalcation. Surety bonds also include fidelity bonds covering governmental officials and employees.

SURPLUS – An amount remaining after the original purpose has been served or the original requirement met. Not required to meet existing needs or left over after these have been met.

TAXES - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

TRANSPORTATION EXPENSES - Those costs covering a) travel by commercial carriers such as bus, train, ship and airplane; b) travel by privately owned motor vehicles such as cars, motorcycles, vans or trucks; c) travel by rental motor vehicle; d) or some combination of a), b) and/or c).

TRAVEL ADMINISTRATOR – A responsible official within an agency, board, commission or institution (agency) who has been designated by the head of the “agency” in writing, with such

designation kept on file in the “agency”, to act for the head of the “agency” in authorizing and approving travel expenses.

TRAVEL REIMBURSEMENT FORM (TR-1) – The TR-1 in electronic or paper form is used by agencies to substantiate and/or authorize payment of travel costs for State employees. In the absence of a vendor relationship, this form can also be used to substantiate and/or authorize payment of travel costs for non-state employees such as prospective employees, individuals who serve on boards, commissions, councils, committees and task forces, volunteers and other individuals who are authorized to receive travel expense reimbursement.

TRAVEL EXPENSES - Those costs authorized under the travel regulations.

TRAVEL STATUS - The official status of a traveler when the traveler is away from both the official residence and the official station, exclusive of commuting between the traveler’s official station and official residence, on state-related business.

TRAVELER - A person in travel status who is on official state business.

TREASURY FUNDS - Funds which have cash on deposit in and under the control of the State Treasurer and are disbursed by means of a warrant.

TRIAL BALANCE - A list of balances of the accounts in a ledger kept by double entry with the debit and credit balances shown in separate columns.

UNAMORTIZED BOND DISCOUNT - Excess portion of the face value of bonds over the amount received from their sale which remains to be amortized over the life of the bonds.

UNAMORTIZED BOND PREMIUM - Excess portion of proceeds over the face value of the bonds that remains to be amortized over the remaining life of such bonds.

UNEXPENDED APPROPRIATION - Portion of an appropriation not yet expended.

USER AGENCY – An agency that has direct online access to the State Accounting System. All types of transactions are entered on a real time basis by the agency.

VENDOR NUMBER - A number assigned by the Office of State Procurement to identify each vendor.

VOUCHER – An instrument, whether in electronic or hard copy form, that represents a transaction that disburses or transfers State funds which can be verified as officially approved by an authorized disbursing officer of the State of Arkansas.

WARRANT - A payment instrument for each invoice or other evidence of indebtedness validated by the State Treasurer for payment.

WBS ELEMENT – A cost object that is used to record revenue and expenditures for grants and capital projects.

WIRE TRANSFER - A type of electronic fund transfer that guarantees immediate available funds or same day settlement.

LINK TO AASIS GLOSSARY - <http://aasis.state.ar.us/msofficedocs/courseware/FIGlossary.doc>